

COMMITTEE ON ADMINISTRATION/INFORMATION SYSTEMS

March 15, 2004

5:45 PM

Chairman Forest called the meeting to order.

The Clerk called the roll.

Present: Aldermen Forest, Gatsas, Osborne, Porter, Lopez

Messrs.: Kim Little, Joanne Shaffer, Joan Porter, Diane Prew,
Steve Tellier, Tom Nichols, Tom Arnold, Leon LaFreniere

Chairman Forest stated we are going to move Item 3 to the last item on the agenda.

3. Appeal of the suspension of a taxi driver's license.

TABLED ITEM

On motion of Alderman Osborne, duly seconded by Alderman Lopez, it was voted to remove the following item from the table for discussion.

Communication from Joan Porter, Tax Collector, suggesting departmental input regarding ultimate utilization of electronic forms of payment.

(Note: Presentation by Citizens Bank relative to Innovative Electronic Payment Collection Techniques.)

Joanne Shaffer, Deputy Finance Officer, stated it is my pleasure this evening Aldermen to introduce Kim Little from the Citizens Bank. Kim is a Vice President and she is in product operations and she is going to do a brief overview about accepting payments electronically and mention some of the issues that accompany doing that.

Kim Little, Citizens Bank, stated today I've been asked to give you a very brief presentation on electronic payment collection techniques that the City can use in order to automate their payments. It is going to be a very brief presentation, really just an intro to introduce you to different techniques and if you have any questions please ask as we go along. The first slide is just a little bit about E-Government

and the way that it is changing the governments do business. The reality is that you are applications will become more technical over time. You probably have some taxpayers now that are asking for different things to be automated within the City. One of the things might be payments and that's really what I'm here to talk to you about tonight. Technical applications make it possible to transact business through a municipalities web site, phone system, remote kiosk, and I'll get into a little bit about each one of those. But it makes these systems available to residents 24 hours a day, 7 days a week, so they can do transactions from the convenience of their home, which is something that really is a reality in these days and times. Services such as permitting registration, municipal bill payments will be available to constituents electronically and that's really the wave of the future, if you will. Convenience to constituents is more important than the cost savings, I think. Municipalities really want to offer these applications as a way to provide an extra customer service to their residents. What I see and I talk to a lot of different communities over the State of New Hampshire and a lot of them are making the payment transactions their number one priority. Applications such as taxes, motor vehicle, parking tickets, recreation; those are all things that are being implemented first through municipalities. Right now there is currently one municipality in New Hampshire that's doing it, the City of Concord. A lot, however, are in the planning stages of getting these programs implemented. Throughout the United States, there are several doing it. A lot of counties are doing it. Generally they are seeing a one to ten participation rate. Participation isn't great, you don't have a lot of volumes right off, but over time those get a little bit larger, every year they get a little bit bigger and I think because people are getting a little more comfortable using their credit card information over the Internet, times have changed where this information is more secure and they feel more comfortable. Solution benefits to have this type of program implemented in the City is that you do offer a customer service, you have increased customer satisfaction, convenience, you have increased payment options, because through this model or this implementation, you would be able to offer credit card, and I'll get into a little bit more about that. It's secure, easy to use and reliable payment method. Credit cards could be offered; debit cards, and also E-Checks. E-Checks are the same concept as like a direct deposit of payroll except that it comes from your checking account. It's taken out your checking account versus being credited in your checking account. And another benefit is that it keeps your information accessible through the Internet, through touch-tone phone systems, and it keeps it up to date. So if somebody wanted to go on the Internet and look at some payment detail, they could have that information available to them and it would be up to date information.

Ms. Little continued this is a sample bill payment model of how the transactions work. Either the municipality or the vendor that you might contract with would have a server set up that would house all of your payment data. A customer would

access this data either through the internet or phone system and the computer server would be updated with either your information or if you had a technical vendor that you contracted with, they would supply bill payment information to the server to be updated. So the residents aren't really connected directly to your database, that information is sent to the server by access of a computerized file. So the information is accessible if somebody wanted to look up to see what they owed on their taxes, they could look up on the Internet that information. If they chose not to pay, they could abort and maybe come in and make the payment directly. But that would give them an extra service that you could have available to them and it might reduce some calls to the tax collection office and also the City Hall. As you can see in the bottom you have the financial institution, which would do the electronic check processing and then also they would handle the credit card processing. So it is important to have your financial institution involved very much in this whole process because that would contribute to the safeness and soundness of your money. You want them to be involved. I'm just now getting into some steps, five steps, and again, this is very, very simple. There is probably much more included in this than I'm going to cover, but just things to think about as a City. One of the things would be do you create this application that I'm talking about either in house or do you sub it out to a company that's called Application Service Provider. ASP seems to be the big buzz word that is used right now for different service providers that are technical in nature that have a lot of experience offering these technical applications. And you'll hear me use ASP a lot throughout this presentation. That is really the question you have to ask yourself. Does it make sense to create something in house or contract it out? And I put some pros and cons here for each one of them. If you had this developed through a design company or you had technical staff develop it, it would be very expensive to do. You'd need to maintain and upgrade equipment; you would have to think about the 24-hour support. Because really the system would be available 24 hours to the residents. You'd have to maintain multiple vendor contracts with different credit card providers, there's your financial institution that does the ACH piece, it would be very fragmented. However, once you have something like this developed you'd spend an awful lot of money with it, but it would be a system that you would have in the long term, if you wanted to have a company host this application for you. A lot of companies already have this technology available. It's been proven, it's been tested, so they have the information that they offer for other municipalities within the United States. So it's available, it's proven, it's less costly, chances are you would pay a transaction fee to this vendor, they would provide all of the maintenance on the equipment whenever the equipment needed to be upgraded, they would take care of that, and that would be all included in their transaction fee. So that's what I'm talking about when I talk about ASP and throughout this presentation I lean more towards the ASP method because as I talk to municipalities throughout the State, that really is what they are leaning towards, to host this. So ASP; there's many of them out there. I've worked for Citizens

Bank for several years and we started to talking to a lot of these companies for about four years now, and I talk to companies during that dot com boom, which probably wasn't the best time to talk to companies but I interviewed various vendors. A lot of them aren't even in business right now because they did gain enough capital. They didn't realize that in reality municipalities are very thorough with decisions, they don't make decisions very quickly, so they didn't have enough capital to keep these companies in business. A lot of them went under. There are and were some great companies that are still in business now, they diversified in multiple technologies and those are the type of ASP's that you want to do business with. Another component to this is whether or not you want to send an RFP or if you want to partner up with your financial institution to perform the due diligence on the ASP to make sure that your money is safe, that the financial institution gets that money timely. They can meet with you as you interview the ASP's or maybe they have a solution in place. Again, selecting your own bank to handle the financial transactions within the bill payment model that the ASP offers is important. I've talked to different vendors out there that hold municipalities money for seven days, up to seven days, and they do that because they anticipate maybe a return might be coming in. Well there really is not need to hold your money that long. So this is just things that as you interview these vendors if this is really the direction you want to go in, things to ask to make sure that your money is safe and secure, it goes directly into your account, it isn't held by another entity for any period of time. The second thing that I just want to cover is which payments do I include the payments and through which methods.

Ms. Shaffer stated we're looking at a number of payments that could be made throughout the course of the City. We're talking about auto registrations, water and sewer billing, which would be convenient for the multiple customer out there that use those services, and parking tickets would be one of the prime focuses where people would actually like to be able to pay over the Internet. And I think the reason is because a lot of people do travel around, a lot of people do go south for the winter and this is one of the services that they've asked to be provided in the City. These are things that we all can explore and discuss the costs of implementing a system like this and as we go forward. Of course I realize that we would have to explore the cost of doing business this way and what we would like to do which would include implementing credit cards, debit cards, or utilizing a convenience fee and those are part of the some of the subjects that we'd like to cover with you gentlemen.

Ms. Little stated the next slide talks a little bit about E-Commerce and the level of automation. Payments accepted through and Internet, touch tone phone, remote kiosk, and these are machines that kind look like ATM machines that you can put in the mall, maybe one could be placed in the library. That somebody would go to one of these machines to make a payment. The other things that through the

model that you would look at are methods of payment. Credit card, debit card and ACH. Now, when I refer to ACH tonight I am talking about electronic checks and these are checks really not checks, it's an electronic entry that goes through your checking account to debit your checking account. And what we're talking about is that the more you participation that you have and the systems you have and the payments you have, the more participation you will get. The third thing, once you decide what type of payments you want to offer as Joanne spoke about different applications, once you decide whether or not you're going to create this in house or sub it out, the third component is whether or not you're going to charge a convenience fee for a resident to make a payment through this method, or if you're going to absorb the cost through your budget. Different payment options that are out there are these three things: pass through, joint participation, and convenience fee. Pass through is when a City pays for all the associated fees, joint participation, some ASP's allow you to share the costs, maybe charging a very small convenience fee, and the third component is the convenience fee is where the user or the constituent pays the associated fees through this convenience fee. And I'll talk a little bit more about that. Really that results to no cost to the City to offer this service. Convenience fees are the...I'm not sure if any of you are familiar with Merchant Rules through credit card regulations, but one no no is if a credit card merchant tries to charge you back the fees that it costs for that transaction. Credit card companies absolutely do not allow that. However, they allow what is called a convenience fee to be charged if the process saves the customer transportation costs, if they could sit form their home and make a payment, if the process saves the customer the time it takes to wait in line, a convenience fee can be charged of these types of services. And those are services that are offered through the Internet, through the IVR, all of them can do those things, save transportation costs and save time. So like I said, who makes the rules. The credit card company makes rules and each credit card company has a set of strict rules. For VISA, convenience fees can only be set at a fixed fee. For Master Card, American Express and Discover, you can vary the fee, you can tier it, you can set it based on a percent of payment, however, if you include VISA in that mix of payments that you offer, you really have to abide by the stricter rules, which is VISA. So you have to set a fixed convenience fee for those types of payments. If you do not charge a convenience fee, the type of costs that the City would bear, I've listed them here. Discount fees are anywhere from 1.65 to 3.50 [percent], with 3.50 [percent] being AMEX, which is the most expensive card to offer. Electronic checks are separate fees, roughly to about 4 to 20 cents an item, plus transmission costs, and then you'll have transaction costs and maintenance fees on the transactions. So that just gives you an idea if you do not charge a convenience fee back to constituent base, if you did absorb the fees, this is pretty much what you're looking at, the different components. The fourth thing is, start small and add as you go along, and I want to give you an example of that. One of the municipalities that we're working with right now is the City of Concord. They

started small and developed as they went along, they posted their assessment database two to three years ago. They tried that and they did have some questions about it and sensitivity issues from the residents but they did get past all of those hurdles. The second step that they did was that they published a "Pay Now" button just to get their residents interested, looking up the data, gee wouldn't it be nice to actually sit here and pay my taxes. They then did an on line survey to the residents just to find out what the interest level was to offer this application. They selected an ASP they are working with right now, along with a financial institution, and that financial institution is Citizens Bank, they decided to charge convenience fees for their applications. They started with taxes and they only offered E-Checks at first and now they have added utility, recreation, motor vehicle. So this is just an example of a municipality that started small. Their volumes right now and again, we started at about 30 transactions a month, and now it is up to 100. And that is really in like a nine-month period that it has grown to that. You look at that isn't a lot, but it is progress. It goes up a little bit every month. And then the last thing that I want to talk to you about is advertising and the importance of advertising, and you don't need to spend tons of money. I know that Concord doesn't spend a lot. They advertise on their public access TV, they've created brochures to include in their bills, newspaper advertisements, I believe they might do something in the Concord Monitor, advertise around the office, and in lobbies. Actually I know that the Tax Collector has actually pulled people from the line and convinced them to use the automated system. They also advertise on buses and at bus stops. That is one of their plans that they want to do. What we as a bank have done, we've done a lot of research on E-Commerce and E-Government and on credit cards. It is very technical and confusing and that's why I don't really want to focus a lot of energy on it tonight, because I think I'll just confuse you more than anything. As you progress down this path, if I can help in any way and come to your meetings in the future to give you some information, I would be happy to do that. Another thing that we've done is we have organized and sponsored group discussions for our customers and these are focus groups and you've probably heard about different focus groups for marketing campaigns that companies will offer. We go a bunch of our municipal customers together in a room, about 50 of them, and just talked about the benefits of this and we did this a couple of years ago. And one thing that came across loud and clear was the safety and soundness of money, to make sure that the financial institution was involved in this process. So this is why we are so involved in it and so passionate about I think about it to make sure that our customers are protected. The status of our program is that we implemented a joint marketing arrangement with an ASP. We're educating clients, like I'm doing tonight with you, and working on targeting some pilot customers, one from each New England state, because Citizens Bank is New England region, so we've been working with a lot of different municipalities and we've really encountered not major obstacles, except for the credit card regulations with convenience fees. It makes it very

difficult to set a fee that everybody can kind of live with because VISA has very tough restrictions with setting a fixed fee, but how do you set a fixed fee for taxes that can be from \$100 to \$3,000. You can't set a \$10 fee for that and recoup a lot of your credit card costs. So it has been kind of difficult. That really has been the only obstacle. As time goes on I think that the credit card companies will loosen up their restrictions to go along with these programs. Two customers that we have live right now are Cumberland, RI and City of Concord and those are the two clients that we're working with. However, I have been talking to City of Providence in Rhode Island, I've been talking to City of Boston, we're working with a couple of municipalities in Connecticut and two municipalities, Plymouth and Arlington in Massachusetts. So we've been talking and trying to get a good touch of what the market is experiencing throughout New England.

Ms. Little continued so in summary, innovative solutions are readily available now. E-Government has opened the door to satisfy demands, reduce costs, and offer convenience. E-Commerce automates collections through the acceptance of credit cards and ACH, or E-Checks through a web site or IVR system, and that is touch-tone phone system. And credit card and ACH regulations, like I said, really continue to develop as a result of innovation and I think that you might see where those get a little less restrictive over time. To learn more about this, I'm definitely available to help but there is a supply of vendors, web sites, publications that are available for the City to access. If you go into the Internet and try to just put in information on tax payments on line, you'll get tons of information, so that's a good method of learning. And I just provided a glossary with some things that I went over tonight to give you a better definition.

Mr. Shaffer stated Kim would be glad to accept any questions that you would like to ask at this point and we can talk about how we would want to proceed in the future. Possibly getting a committee together and doing an analysis and getting some more numbers about the costs of implementation and seeing where we could start. Basically if we want to go slow as Kim suggested and start maybe with one application and go forward from there and see what we can do with that. But of course there are a number of issues that we'll have to discuss relative to acceptance of convenience fee and as Kim said the credit card discount that would affect the revenues that we collection and so forth. We can presumably do an analysis on that and maybe get together as a working group in committee so that we can further discuss a lot of these different aspects that would affect implementing these types of applications.

Alderman Osborne asked the City itself has no figures together with auto, sewer, parking, there are no figures there?

Ms. Shaffer answered right now we haven't started putting anything together. We wanted to get a little bit of direction about where exactly where we should be going from here.

Alderman Osborne stated as far as the discount rate. You're saying 1.65 to 3.50 [percent], so what would probably be the average? I guess more Master Card and VISA would be used, rather than AMEX, is that correct?

Ms. Shaffer answered most probably. I think that most everybody out there has a VISA card at this point. So I think that's the most widely used credit card.

Alderman Osborne asked so the City itself, how are we going to absorb this? Have you figured this out yet?

Ms. Shaffer answered no, we haven't, that is one of the items that would have to be discussed because I would assume that you would have to make a decision whether or not you're going to absorb the discount from the credit cards or you're going to have to raise revenue or set up some other type of facility as Kim said. With possibly a convenience fee that would kind of cover all of those types of payments. So there are a lot of things that we need to explore and a lot of decisions that will have to be made.

Alderman Osborne asked is there anybody now as far as a city or town that is doing this. I think you mentioned a couple.

Ms. Shaffer answered Kim said that Concord, New Hampshire has implemented this and have been using it for approximately nine months to a year.

Alderman Osborne asked and how did they absorb the discount rate or whatever?

Ms. Little answered they are currently charging a convenience fee to the constituents, so they don't absorb any of the credit card fees, ASP fees, bank fees. They do that all through a convenience fee and actually we take care of the convenience fee for them so we collect the convenience fee and we pay all of the bills for them, so they don't even have to bother with the convenience fee at all. We transfer to their bank account the exact amount of collections that is due to them. So that is how they...they don't absorb any fees right now. The convenience fee is charged and it is set by ASP and City of Concord as a reasonable amount for their applications. I can give you an example. Right now their taxes, we just provide...the taxes go on line and it is electronic check only is accepted and fee for that is \$1.75.

Chairman Forest stated Alderman, I think they're asking for us to make a determination to set up an investigative committee so the City may implement it.

Alderman Osborne stated I just wanted a couple of things cleared up. And that has been working out pretty well?

Ms. Little answered yes.

Alderman Lopez stated I want to understand you correctly what I'm reading here. In other words, the convenience fee means I can't walk into the tax collectors office and pay with a credit card? Is that correct?

Ms. Little answered it can be set up however you would like it, but yes, if you did charge a convenience fee, and you wanted to not absorb any of that cost, then you would offer these applications just through the web site and also a phone system, called an IVR.

Alderman Lopez stated I know a study committee has to go on all of that stuff as far as staff presenting to us where they want to start. We have been looking for two years paying by credit card for taxes and Diane Prew knows all about that. But a credit card versus a debit card. Do you find and experience...which one would you use? A debit card where you know the funds are in there...? I guess what I'm getting at using just credit cards where people go bankrupt or don't pay their credit cards. Where do we get our money? Is that safe?

Ms. Little answered both of those applications, whether it is debit or credit card, they both go through what's called credit card... to make it very simple, credit card networks, credit card interchange. They both go through that. So basically one is just as safe as the other. A lot of the credit card companies like VISA, Master Card, AMEX, to make people feel more secure, they actually offer guarantees on on line usage. When you use a credit card on line, if anything gets charged to your account that is unauthorized, they give you immediate credit on that. So that works the same whether it is a debit card or a credit card. A debit card would just have to have that Master Card, VISA logo on it. I know that our company, we offer one that is called the master money card and it has a logo on the bottom of it. So it would have to be sponsored...to have that safety and security like a credit card has it would have to be sponsored by Master Card or VISA.

Alderman Lopez asked Joanne what are you actually asking us to do and what timeframe are we talking about?

Ms. Shaffer answered what I'm asking to be able to do is to kind of move forward so that we can do an analysis of a lot of these different numbers, discuss the pros and cons of the use of credit cards, convenience fees, and all of the other aspects like that. Discuss how we're going to need interfaces to some of the systems and so forth so that when all of these individual credits come in they will credit those accounts simply and easily, which would mean of course that we would have to have the cooperation of the Information Systems Department in order to go forward and implement any of these types of applications. So I'm kind of looking for maybe a working meeting or a special meeting where we can provide you some more specific numbers relative to each of these different applications. How many payments we could anticipate expecting for each one of these applications and maybe start slow, but set it up properly at the onset.

Alderman Lopez stated I know Joan [Porter] you mentioned something about the State, we can't charge a fee...do you want to come to the mic please? Could you just explain that for the record? I know you've been trying to get credit cards for a long time.

Joan Porter, Tax Collector, answered State Motor Vehicles is working on an on line program right now for motor vehicles, and they are anticipating starting June 1st. They are not doing every city or town in the State, so it's going to be a test program, but it's the same thing that Kim had said. If someone comes in our office to do a car registration, we can't charge that fee because it is not a convenience. If we put a kiosk in the hall and they see our long line and decide they don't want to wait in line, they can use the kiosk and pay the fee.

Alderman Porter asked Diane Prew are you in agreement that ASP would be the way to go instead of in house development?

Diane Prew, Information Systems, answered yes I would agree. I think that an ASP would be the way to go for payments, rather than handling in house.

Alderman Porter stated now the other thing is, Kim in looking down the road with this is if in here you say that convenience is worth, you do it for convenience rather than necessarily cost savings. At some point would you be able to develop what is it costing the City of Concord to do it, if anything? Versus the system where they don't? There has to be a cost for the provider, the ASP, of course and would that cost be able to be passed on through any charges?

Ms. Little answered the City of Concord is actually analyzing all of that, the cost. They very much want to absorb these fees themselves, because they feel that the usage of these systems would increase. I don't have this information for you tonight, but this is something they are looking at. I think that as the volumes go

up, that's really when you see your biggest benefits in the cost savings. One reason I really didn't cover it too much, is because right now as communities start doing this, you don't have a lot of volumes. So really the motive to start this really isn't the cost savings, but more the convenience factor. But as City of Concord will be analyzing all of this data and if you have committee meetings I will be happy to share the data that they bring on.

Chairman Forest asked do you know how long this is going to take between the time you start this and come back to us?

Ms. Shaffer answered six months to a year and I would assume that we would start with one application at that point and try to perfect that, so that we can use that as a guide going forward. But it's not something that's going to happen I don't think within 30 days or any short time period. I'm sure that Kim to attest to that.

Chairman Forest asked but if it does come back let's say within 30 days, you could come back sooner, but you're saying six months to a year to investigate this and set something up?

Ms. Shaffer answered yes, at a minimum.

Alderman Osborne asked Mr. Chairman, do you think it would be better to receive and file then have them come back when they are ready?

Chairman Forest stated I think we have to give them some direction on where to do.

Ms. Shaffer stated I think that part of the reason that we'd like to come back within another month or so, or maybe to your next meeting, or maybe a working session in between, so that we can share all of the numerical information with you that would kind of give you a different perspective or give you the perspective that you're looking for so that you can determine whether or not you want us to go forward.

Alderman Lopez asked Joanne, there is no way that we can come back with one item, I know we want to do four or five or six items throughout the whole City, but sometimes if we wait until all of that program is done, then nothing is going to get done. So my question to you, isn't there one item that we can tackle and bring back to implement at a faster pace than six months? What would you say to that Kim?

Ms. Little answered just my experience. I know that implementation of this type program it can be done sooner than the six months. Normally I've seen like six to eight weeks, but I think that Joanne was talking also factoring in meetings to kind of determine what application you wanted to start with. I know City of Concord started with taxes. We just accepted the E-Checks for taxes so it was kind of cut and dry. We didn't bring credit cards right into play. They're next application was motor vehicle and then they started with utility and also recreation. So that's how they determined. I think taxes something was they had the data already on the Internet that was out there so logically it made sense for them to proceed with that one first.

Alderman Lopez asked how about the parking tickets? Isn't that the very obvious one that we're thinking of moving into this category?

Ms. Shaffer answered that would be one of the most obvious ones, except that unfortunately Ordinance Violations is not an HTE module at this time. That is a separate software package. So I would assume that in order to work effectively with the receivable system and the electronic reporting that we're hoping for, that that would have to be interfaced somewhere along the way to HTE for starters.

Alderman Lopez stated I think you need to go back and study, but I think there ought to be one item that we can pick out to get started with so that we can work through the bugs with one item and then proceed to two or three other items down the road, if it's going to take six months to a year. Can that be the format that we use?

Ms. Shaffer answered why don't we go back and do an analysis. Pick maybe like water billing, because that would be very similar to sewer. So you could almost do probably a two for one type of implementation there. Because they are each patterned after each other, obviously. Maybe we could do some cost estimates on that because that's a fee that people pay multiple times a year and if they get into it they could probably make more use of the Internet or credit cards for those types of payments.

Chairman Forest stated why don't we just entertain a motion as to whether Joanne's department or somebody else's department is going to spearhead it and then we can have other people...?

Alderman Porter stated why don't we make a motion that the water billing be part of the study first and bring it back and report to the committee.

Chairman Forest asked Joanne, who else would you be working with if we send it to your department?

Ms. Shaffer answered we would be working with the Tax Collection because obviously that is the office that collects that largest individual volume of payments, but other than that you do have Water and EPD.

Chairman Forest asked would you be working with Finance also?

Ms. Shaffer answered yes. And we would bring in of course, Information Systems and people from EPD and the bank who now provides lock box for the EPD collections and the Water collections. We could come back in about another month or so that we could look forward to the next six months. I didn't mean that we wanted to take six months doing exploration. We can take a month and do an analysis and come back to the Committee.

On motion of Alderman Porter, duly seconded by Alderman Lopez, it was voted that a study be done by individuals from the Finance Department, Water department, EPD, Tax Collector's office, and Information Systems on cost estimates and implementation of an electronic form of payment starting with water and sewer billing combined.

OTHER BUSINESS

Chairman Forest addressed item 5 of the agenda:

Communication from Alderman Osborne requesting the contract compliance issue noted in the management letter be referred to the Committee on Administration.

Alderman Lopez stated I don't have the document from the auditor as to exactly what that's going to be.

Chairman Forest stated there was nothing in the package on Item 5 other than the letter from Alderman Osborne, I believe.

Alderman Lopez asked does anybody know what that was?

Chairman Forest answered I have no idea.

Alderman Osborne asked what information are we looking for?

Alderman Lopez asked what are we doing?

Alderman Osborne stated all contracts go through...

Chairman Forest stated Alderman Osborne you wrote the letter so I'm assuming you had the information. Do we want to make a motion to table until the next meeting and then we'll get the Clerk to get us the information?

Clerk Normand asked Mr. Chairman what are you looking for for information?

Chairman Forest answered the management letter.

Clerk Normand asked are you assigning it for a study to a group of staff to study the contract administration?

Chairman Forest asked is that what you want Alderman Osborne?

Alderman Osborne stated what it reads now in my letter, what would this involve? If we passed it the way it was here, what would this all mean?

Tom Arnold, Deputy City Solicitor, answered the letter isn't very specific. I note that you would like the Solicitor's office to at least review all contracts and that there be a repository for all contracts. I tend to think that the Solicitor's office probably wouldn't be the appropriate location for a repository of all original contracts. We could look at reviewing all of the contracts. I would note that that would certainly be a sizeable increase in our present burden. We do review some contracts. Particularly Highway's, Information System's, some other departments, but I don't believe that we review them all and I quite frankly don't know what kind of workload would be involved in reviewing all contracts that the City enters into as I just don't know how many there are.

Alderman Lopez stated Alderman Osborne, why don't we have the City Clerk's office and Mr. Arnold send out the document to the department heads and some of the department heads such as Frank Thomas. I know he gave a rebuttal for moving all of his contracts to a certain location, even though the auditor has done it, and maybe we need to have input from all of these City departments that as to why they are against it before we can make a decision.

Alderman Osborne stated all I'm looking for here is a quick review of what they come up with and what they approve and then have City Solicitor just to double up on it. That's all.

Alderman Lopez stated I don't know what review... Tom you review all contracts now, don't you?

Mr. Arnold answered I don't believe we review them all. We review those that are sent over to us by various departments asking for review. I can not tell you whether that is all of them or not, I tend to doubt that it is all of them.

Alderman Lopez asked but you review the ones that are sent to you?

Mr. Arnold answered that's correct.

Alderman Lopez stated I'd like to have some more input as to whether this would be the right way to go.

Alderman Porter stated I think the way this is worded is I agree with the concept, but I think the way it's worded for review. Does this mean when the contracts are written, does this mean when they are signed? I think this kind of refers back to a few years ago when there were stipulations in a particular agreement that kicked up leases or things of this nature as time went on, but they went overlooked because there was nobody in charge specifically of those contracts. So I think that the review is one word but continual review for triggering dates for either CPI index increase in rent and things of this nature. I think that this is probably behind the whole problem in that some steps were overlooked on a few contracts pertaining to parking garages. Notably the Center of New Hampshire and the Wall Street Tower parking garage where escalated rents were never collected because the contracts were never looked at again. So I think I'd like to have a clarification on that.

Chairman Forest stated let me make a recommendation on what Alderman Lopez was getting to. I don't think all department heads should be involved in this, but maybe we can get a committee or send it to the City Solicitor along with Planning, Highway Department and someone from the CIP committee, to get together to review this and come up with some kind of a plan for us instead of having this helter skelter thing.

Clerk Normand asked Mr. Chairman, do you want to include the City Clerk's office?

Chairman Forest answered yes, and be reviewed by the departments mentioned.

Alderman Osborne moved to table this item and that it be sent to the City Clerk, the Finance Department, Solicitor's office, Planning, and Highway for review and come back to the committee with a recommendation. Alderman Lopez duly seconded the motion. There was no vote taken on the motion.

Alderman Gatsas asked recommending what?

Chairman Forest answered apparently what Alderman Osborne wants.

Alderman Gatsas stated I think what Alderman Osborne was referring to was the management letter. The management letter makes a specific recommendation, well at least the last three management letters, saying that we should have somebody on board full time that reviews all contracts and keeps contracts going. So I don't think we need anybody to set up any other quasi oversight committee, because the management letter has been pretty clear. I don't know where Alderman Osborne is saying that we should go through the budget process and hire somebody or take somebody that is already doing some of this stuff and make sure that they comply with the management letter. Maybe that's a better motion.

On motion of Alderman Porter, duly seconded by Alderman Osborne, it was voted to table this item. Alderman Gatsas was duly recorded in opposition.

Chairman Forest addressed item 6 of the agenda:

Matter pertaining to Mayor's salary referred to committee by the full Board at a meeting held on December 16, 2003.

Alderman Gatsas asked is there a recommendation that the City Clerk has come back with, or the Solicitor's office, on which community resembles Manchester the closest?

Clerk Normand answered I know from the City Clerk's perspective that I think the information was just compiled it was given to this committee as it is to make their decision to how they see fit. I think that there was recognition that it would need a charter change or charter amendment to effect that, but certainly Tom [Arnold] can elaborate further.

Alderman Lopez stated I don't think that's correct. We've been kicking this and kicking this around for a long time. Even in 1996 when I was on the Charter Commission. Unfortunately that we're dealing with just one salary and not all of the salaries of the Board of Mayor and Aldermen at the same time. I sort of believe that everything ought to come together myself. I believe you'll find in the Charter that it can go to a referendum question or the Board of Mayor and Aldermen can approve the salary and move it on to the new person taking office in the next election. It does not affect this individual.

Alderman Osborne stated the closest place I can see is Lowell, Massachusetts, but what is their tax revenue base compared to Manchester?

Chairman Forest stated actually Waterbury, CT is closer to Manchester than Lowell. They have 107,000, we have 110,000, I believe.

Alderman Osborne stated no, I think it is around 107,000 here.

Chairman Forest stated there are four communities here that I saw were close in population.

Alderman Gatsas stated again, I think Nashua, NH is paying their Mayor \$89,500. I certainly don't have a problem entertaining this, but my motion would be to put it on a non-binding referendum and let the people make a decision.

Alderman Porter stated I don't know who relevant this question might be, but what are the terms of these various mayors in these communities? Do we know that?

Chairman Forest answered I do not. The only information I have is what is on this sheet as far as population.

Alderman Porter asked could we get that?

Chairman Forest answered I guess we could.

Clerk Normand stated we were researching whether the Charter was in play and I think Mr. Arnold has come up with an answer under Section 8:04.

Mr. Arnold stated Section 8:04 provides that that the Mayor's salary shall be \$68,000. It does provide that the Board of Mayor and Aldermen shall have the power to increase the Mayor's salary as it deems necessary. It also provides that the increase voted by the Board would go into effect after the current Mayor's term ends.

Alderman Lopez stated I agree with that. I think that...I don't know. Are we looking at what the salaries are in the State of New Hampshire, are you talking about, or are we looking at a comparison community? Somebody wants the salaries...? Could you clarify that? There is not that many cities in the State of New Hampshire that have 108,000 people. So I think that this was put together by the Human Resources department and presented to the full Board. So if you look at Waterbury, CT 107,000 at \$79,325 and Lowell, Massachusetts at 105,000 at \$110,000. I guess the question becomes, where do you go from \$68,000 for the Mayor for the City of Manchester to what number? And that's where we are at.

We as a Board of Mayor and Aldermen as so indicated by Tom Arnold, that we have the authority to approve it. We also have the authority that if we didn't want to do that as far as the Board of Mayor and Aldermen was concerned, is to send it to a public referendum. We can always also do that. My only point was that it has been discussed many times as a Board of Mayor and Aldermen that the salary has been tackled for the Board at the same time. We should take a good look at that. I think Leo Bernier has brought many a things just as a side note to the Board of Mayor and Aldermen where it would be cheaper if they gave us a salary instead of paying health insurance and dental insurance for Board members and School Board members. So I think that's an area that we should all look at and approve it. As to the salary, which we're dealing with, I have no problem whatsoever to increase the Mayor's salary. It doesn't affect this existing Mayor and to move the salary to a reasonable figure, even if it's \$20,000 more to \$88,000. Even \$80,000. The Nashua Mayor I think does get more than Manchester.

Alderman Osborne stated I just have a question here. I'm looking at Hartford, CT with 121,578 people and the Mayor is getting \$30,000 and with no City Manager. What is this one?

Chairman Forest asked can the City Clerk comment on that or is that just facts that were sent to your office?

Clerk Normand answered no, I think we participated in the research. I didn't personally participate in the research, but I'm assuming what you have before you is correct. That the research is what it is.

Alderman Osborne stated I would think they would have a City Manager or something.

Chairman Forest stated they may have or it may be a typo.

Alderman Porter stated I don't know how relevant it may or may not be, but are these salaries in a Charter. Is this a starting wage? For example, if you had a mayor that was in for ten years and started off at a lower amount, but had raises, would a new mayor coming in start at that? I don't believe that we should have a flat salary for any Mayor and just leave it at that as it is now. I do think something should be done, but should it be done on a graduated scale for...I mean Yeager/Decker is a three percent increase or do we just go to one lump sum and increase it regardless of the length of time a mayor is in. Were these salaries or are these salaries established for any new person coming in? If some of these people were in here for a long time and got gradual raises, that doesn't mean that somebody coming in new would get that same amount. So I don't know that.

Chairman Forest stated I think the Board sent this to us to see if we can come up with some solution or whatever. So I think it's up to us to find out what we're going to do or maybe send it to someone again to investigate it and come up for an answer for us.

Alderman Roy stated first a question for the Clerk's office and then a follow up question of the committee. Matt, the minutes that I'm reading that was passed out from the Clerk's office, did the Clerk's office just do the phone calling and research or was Human Resources involved in the report of any sort.

Clerk Normand answered in talking to Mr. Bernier today, I believe that Human Resources was involved somewhat but I know that our office made phone calls. As far as these numbers go I'm sure someone called, asked how much the Mayor or City Manager was making and the figure they got is what they put down here. Whether it's a starting salary, whether it's an incremental salary, I'm not sure. But I'm sure this is what they're currently making and those figures are accurate.

Alderman Roy stated I for one would be very interested in hearing from the Human Resources Director what her opinion is as to the best process to go. I mean the Charter is clear that we do have the authority to do something, but I think there's a lot of factors and a lot of questions left unanswered regarding City Manager's and years in services and other graduated steps.

Alderman Lopez stated let me just say that the Human Resources Director was tasked to go to these different communities and get the salaries of the Mayor. I don't think to put her in a position to make some recommendation when this is a political decision. The Board of Mayor and Aldermen have the authority under the Charter to raise the Mayor's salary for \$68,000 to whatever we recommend and I think that we should be held to that responsibility. I would not expect her to come in and say well she thinks it should be \$70,000 or \$80,000. It just wouldn't be right. I am only saying that because I was in the process when I presented this to the full Board, so I know what she went through.

Chairman Forest stated and I sort of agree. I don't think Human Resources is going to come in here and give us a suggestion. I think it was sent to us to come up with a suggestion or to turn it down, so we do have to either vote it down or come up with a suggestion or let's send it to some kind of a committee that is going to give us an answer.

Alderman Gatsas stated let me give you a motion.

Chairman Forest answered okay.

Alderman Gatsas moved that the Mayor's salary starts at \$85,000 with a CPI (Consumer Price Index) cap on a yearly basis and the base salary be \$85,000, so if a Mayor is in office for four years, he would see \$85,000 plus a CPI going forward and if he is defeated in year five, the new Mayor starts at \$85,000, so that we don't just have a retro with a Mayor that could be here ten years, take up a base salary up over \$100,000, the new Mayor gets elected at \$100,000. So I think that if we put it in at a base salary of \$85,000, then we can certainly include CPI percentages on top of that, and also included in the motion that it goes to a public referendum. Alderman Osborne duly seconded the motion and the motion carried with Alderman Lopez duly recorded in opposition to the public referendum portion of the motion.

Chairman Forest addressed item 7 of the agenda:

Draft Resolution in opposition to HB 1416-FN "extending the property tax exemption for wooden poles and conduits and establishing a committee to study issues related to the exemption" referred to committee by the full Board to monitor.

Alderman Osborne moved to table this item until the committee hears from the State. There was no second to the motion.

Alderman Porter stated like I said at the last meeting, I haven't heard anything from the telephone company. We heard that the assessment would be somewhere in the vicinity of \$6 million, which would be three cents on the rate. If we remove the exemption, what might the fallout be on a surcharge from the telephone company? That's my reservation on this.

Chairman Forest stated apparently from what I understand it was sent to us to monitor the bill in Concord. I was told that they are going vote on it on Wednesday one way or the other and they have two options that I know of. Then it will go to the Senate, whichever way it goes. So right now we really have nothing to vote on because we don't know what the Senate is going to do so we can't or we shouldn't oppose a bill that we don't whether it's going to pass or not. I think that's why it was sent for us to just monitor.

Alderman Lopez asked what are they voting on? I had this on my desk. Are they voting on the amendment to extend the exemption for two more years and go into committee?

Chairman Forest answered I believe they're voting on one or the other, but I am not sure. Is there anybody here...? Steve Tellier could you answer that?

Steve Tellier, Chairman, Board of Assessors, stated as I understand it they are voting to vote yea or nay on the amendment, and the amendment is as presented in front of you, which is to grant another two years on the exemption and the criteria is set forward on the amendment to study several criteria that's on the amendment. Which is the taxation of poles, wires and conduits, the method of taxation, and a few other criteria. Now as I understand it you can either vote in favor of the amendment or opposed to the amendment. If the Legislature votes to oppose the amendment, then it would go to the Senate. Right now as we stand, there is an exemption on poles, wires and conduits with the consumer service tax as well. That elapsed this year, 2004. So they put forward an amendment for an interim study over the next two years on that criteria. That's what I know about it right now.

Alderman Lopez asked so if this bill is defeated, does that mean that there will not be a two-year extension and the exemption of the poles will go away?

Mr. Tellier answered I believe that is correct, however, the Senate will be involved in that as well.

Alderman Lopez asked can you help us Senator? On what is going on up there?

Alderman Gatsas stated if the bill is defeated it doesn't come to the Senate. If the bill is defeated the exemption goes away June 30, 2004. If the bill is passed, it then comes to the Senate.

Mr. Tellier stated just as a side note, there's been a great deal of lobbying for and against this exemption. From the feedback that I'm getting there is opposition and people in favor on both sides. It is not a partisan issue. It appears leadership is supporting granting the interim exemption, however, there is a substantial amount of opposition. This vote has been delayed several times already. The New Hampshire Municipal Association is against it and there's been a lot of testimony by assessors against granting this exemption as well. However, there are a lot of issues as you heard from the President of Verizon and their customer service director. That is their take on it.

Alderman Lopez stated that's the problem. Everybody has an opinion on it and I read Senator Green's information he put into the New Hampshire Municipal Association as to why he thinks they should be taxes.

Mr. Tellier stated from the feedback that I've received, there isn't an overwhelming consensus even within our own delegation on where this is going to go. There are an extreme amount of views on both sides of the aisle on this.

Alderman Lopez asked what do you believe as an Assessor for the New Hampshire Constitution on Taxation?

Mr. Tellier answered I would concur with Alderman Porter's assessment, that it's affixed to the ground, that it become taxable. I stated and I'll reiterate the few comments that I made for the full Board of Mayor and Aldermen, is that we don't subsidize any other businesses. The bulk of local services are paid by local property taxes, so a communications industry as current is not treated the same as other utilities and that New Hampshire is the only state in New England that is not taxing poles, wires and conduits, that the double taxation claim is not quite accurate. It is a customer service tax, it's just a pass through, similar to the rooms and meals tax and that's where we stand and that's what I testified for the full Board, that's what I mentioned with the Board of Mayor and Aldermen as well.

On motion of Alderman Osborne, duly seconded by Alderman Porter, it was voted to table this item until after the vote of the State Legislation. Alderman Gatsas is duly recorded as abstaining.

Chairman addressed Item 8 of the agenda:

Report from City Solicitor regarding requested language for charter amendment relating to internal auditor and primary elections, if available.
(formerly considered as part of communication from Alderman Lopez.)

Mr. Arnold stated I have been working on that. I have approximately half of it available, however, with respect to the internal auditor language, I would note that Mr. Clougherty is on vacation this week and I was looking forward to working with him at least to pass my suggested language by him to make sure that he is in agreement with it and that's not possible.

On motion Alderman Gatsas, duly seconded by Alderman Lopez, it was voted to table this item.

Chairman Forest addressed Item 9 of the agenda:

Report from Solicitor/City Clerk regarding signage issues outside of polling locations.

Alderman Gatsas asked Tom, can you talk to me about RSA 659:43. Is that RSA now saying that it allows...if we wanted to institute in the City that it had to be a 50 foot corridor wide, we couldn't do that, we would have to change the RSA?

Chairman Forest stated one answer to your question and I'm not sure I'm right and I guess you could look that up also. Doesn't the RSA or isn't there an RSA that says the Moderator can determine where they stand at the polls with signs?

Mr. Arnold answered I think the one you're referring to is the statute that Alderman Gatsas has just referred to that provides for a 10 foot wide corridor. You would note from that language that the Moderator determines how far from the entrance that entrance that corridor extends, which is probably what you're referring to. The feeling of all involved was that we would probably be better off sticking to the State statute, that's not to say that this Board could not authorize some reasonable time, place and manner restrictions on these signs. However, when you do that, you of course run the risk of First Amendment issues and First Amendment litigation, which is why we suggested that you stick to the 10 foot wide corridor and it seems basically from my discussions with the Clerk at least, it be a practical problem, and that's why the letter suggests that perhaps getting some type of barrier, whether it be horses or something you see in a bank with poles and rope between them to establish a physical barrier to keep people behind and off the sidewalks and the entryways to the different polling places.

Alderman Gatsas asked wouldn't you suggest Mr. Arnold that a ten foot corridor is a different thing than being 150 feet from the front door of the polling place?

Mr. Arnold answered yes it is different.

Alderman Gatsas stated so we as a board could institute allowing for the ten-foot corridor, but you must have that ten-foot corridor 150 feet from the front door.

Mr. Arnold stated that is left up to the Moderator under the State statutes. I certainly think the Board could set that guideline, but that guideline might not be reasonable with respect to all of your polling places. It might certainly be reasonable with respect to some of them or even most of them, but maybe not all of them, which is why I want to be careful that the Board not run afoul a reasonable time, place and manner restrictions that you're allow pursuant to the First Amendment.

Chairman Forest stated I know that is probably this was the worst election that going from ward to ward. I guess each Moderator sort of interpreted the law their own way or they didn't want to get involved. I think what we should do is direct the Moderator to run the ward like he is supposed to.

Alderman Porter stated I think that the distance away from the entrance could vary from ward to ward according to this. And I think sometimes depending on the geography of a particular ward it could be worked where there would be a

distance. For example, I know they refer here to Ward I having a different situation. Perhaps Ward 6 for example has a different geography than Ward 1, so that the Moderator in Ward 6 could make a determination that its 30 feet or 40 feet vis-à-vis 20 feet in another ward. Is that accurate Tom?

Mr. Arnold answered yes I think that's accurate, but also in discussions with Mr. Normand and Carol Johnson it was also pointed out which is true, there are often times the Moderators' are inside the polling places trying to run the polls and frequently don't have a lot of time to go outside and see what the situation is. So that if you got some type of barrier that was erected before the polls opened in the morning, it might alleviate some of the problem of people gathering around and crowding in on the entryways and the sidewalks because the Moderator doesn't have time to go and check frequently.

Alderman Porter stated well we honest candidates would obviously abide by the rules.

Chairman Forest stated I know it's a budget item and they've stopped it and I don't know when they stopped it, but they used to have Police officers as long as the wards were open and now I've noticed over the last couple of election that that is not happening. They show up once in a while. Again, it's a budget item.

Mr. Arnold stated in Manchester what used to happen is the Clerk would arrange for a Police officer to be present at the polls all day. My understanding is that the Police Department did charge the City Clerk's office for that making it a budget item and at some point they stopped doing that and at least in Ms. Johnson's opinions that's when a lot of the problems you're seeing now started.

Alderman Osborne stated Mr. Arnold, I just want to clear my head with this a little bit because this sign thing bothered me for 20 or 30 years and it is very annoying in front of those polls and I have a lot of my constituents that complain about it. But basically what I want to know is, there is no City ordinance that can be brought up that we do away with these signs completely? That's against the First Amendment?

Mr. Arnold answered absolutely not. That would be a violation of the First Amendment.

Alderman Osborne stated so all we can do is clear it as far as we can, but like they said in Ward 1, you're lucky to get a ten-foot corridor there. There is only a sidewalk from what I remember. Can we take a study on this?

Alderman Roy stated I'm a little concerned that Ward 1 is getting special attention in this letter because I know our Moderator and Ward Clerk have taken some great steps as to moving people away from the entrance and reducing the gauntlet effect. We do have barriers set up very early in the morning, saw horses that people are required to stay behind and I would just urge this committee to be respectful of peoples' rights and the First Amendment but also work with your Moderators and Ward Clerks to understand that they do have a lot of pressure during the Presidential elections and just new policy in Ward 1 of behind the barricades towards the front and rear of the building seemed to work out very nicely and open up more of a close to a 70 foot radius versus a ten foot corridor and that's something that I'd like to see at other polling stations. The corridor where you have signs on both sides tends to squeeze in on people as they are heading into the polls instead of a radius around the door, which is a much more open effect where someone can park and walk safely in and out of the building.

Chairman Forest stated just to correct the record. I don't think Ward 1 was singled out as violating this procedure, I think it was used as an example of not being able to move them.

Alderman Osborne stated I'd like to get back to Mr. Arnold again. Is there anything we can do as far as an ordinance to...I think there already is something in the books as far as how many signs that are in front of those polls or isn't there? Or can we make an ordinance for such?

Mr. Arnold answered I'm not aware of any ordinance that specifies a number of signs. The only ordinance I am aware of regulating those signs is in fact the Zoning Ordinance and that may be suspect, but no I do not think that you can regulate the number of signs. You can have, as I said, reasonable time, place and manner restrictions, but I don't think that you can do a per say number of signs per polling place. No.

Alderman Osborne asked there's nothing in the books now at all? There is one time I was in front of the polls and there were so many signs there, people couldn't even get by. There was absolutely totem poles and this sign and that sign, it was ridiculous. There's nothing at all that we can do?

Mr. Arnold answered I don't want to sit here and speculate Mr. Osborne...

Alderman Osborne interjected I don't want to speculate either. I just want to see if we can do something or we can't.

Mr. Arnold stated as I said, you can do reasonable time, place and manner restrictions. That may very well and probably will vary from poll to poll. You can not say there will be no signs, you can not say there will be only ten signs or 20 signs, you can do a reasonable place restriction on where those signs are.

Alderman Osborne asked so this would be up to the Building Department?

Chairman Forest answered no; it would be up to us I think.

Alderman Osborne stated I want to know from the City Solicitor, can we do it or we can't?

Alderman Lopez stated I think what the problem is Tom and since we know the Moderator is the key element here and maybe the City Clerk can weigh in on this, I think the major problem is one Moderator might say you can lay the signs up against the building and another Moderator will come if you don't have anybody standing with the signs, they will throw them in the trash can. Shouldn't there be some type of training or guidance for Moderators as to see what the consistency would be in working at 12 cities in one. I know that in Goffstown and other cities that they have they designate 500 feet from the polls and stuff like that, of course that is probably done with the Moderator. But couldn't there be some type of educational process developed with the Moderators as to...it shouldn't be one ward do something and another ward do another thing. I understand the Moderator makes the decision, but...

Chairman Forest stated can I just interrupt on that Alderman? Every single election or prior to election and I have been to most of them, the City Clerk's office has training sessions for the ward personnel, Selectmen, Ward Clerks, etc. and every single session it has been mentioned about the signs that it is the Moderator's responsibility and every single election there has been wards and Moderators in those wards that have totally ignored or not paid attention to what the Clerk has said and now we're having this conversation.

Alderman Lopez stated and I know that they go through a training and I wonder it is brought to the attention of what some of the problems are. You continue to operate the City of Manchester in 12 cities. That's what we do and it seems to me that if one Moderator is abiding by the law, that the law gives them the authority to throw away the signs, I don't know what law that is, but I guess there has been debate about that Tom, and I was wondering if there could be some maybe concrete guidelines for the Moderator to follow so they follow that in all of the wards? I mean just as a guidance. I know that the end result is going to be I'm the Moderator so I'm going the king of the ship, but shouldn't there be some training,

guidelines along that line as to where we can guide new Moderator's coming in and say what they can do. Can they throw away my sign?

Mr. Arnold stated I think perhaps that question is better addressed to the City Clerk. I would agree that yes there certainly could be some standardized training presumably provided by the City Clerk's office and Moderators.

Clerk Normand stated Alderman Lopez, my understanding is that at the polling location the sign can't be unattended. It can't be leaning against a building, I think that goes back towards the Zoning Ordinance as well. You can't lean them against the building unattended. They have to be basically manned and I'm not sure if that's a State law or where they comes from, but that's been that way since I've been here. Part of the problem is as Alderman Forest alluded to, these people are trained extensively by our office, it is brought up each time about the signs, however, you have people that are getting on in their age, they've been there since 5 o'clock in the morning and it is 6 o'clock or whatever the time is, these people are exhausted and I think they tend to...there are other issues going inside the poll and they don't get out there. But I think that we can certainly address that even additionally through the training that the signs are a problem and they need to focus on them.

Alderman Lopez stated you're saying that there is an ordinance in addition to this RSA? We have ordinances along with this?

Clerk Normand stated I know there is a Zoning Ordinance that does not permit signs to be leaned against buildings. It is typed on a lot of our licenses that we issue. If it is an unmanned signed, I don't know how that is treated, if it's a State statute, but my experience in ten years with the City Clerk's office is that anybody that has signs left at a polling site, even dropped off in the morning they have to pretty much get right on those, their workers, because the signs will be thrown out because they are not being manned and treated as trash or however they are treating them.

Alderman Osborne stated I guess to make this short, the Moderators or anybody else have not teeth unless there's an ordinance. Now we can talk all night but...

Clerk Normand stated the Moderators have teeth. They are allowed to run the polls as they see fit. The problem is as you said, probably your ward, Ward 5, Beech Street School, because there is a natural...where we are entering the poll behind the athletic field, but it is like a natural gauntlet you are running there already. Ward 8 is another situation where there is a whole parking lot in front of the school, however, all of the people that are there to stand at the polls are right in

front of the door, so the Moderator has the power to operate the poll and push people back until they have to stick to that and enforce that.

Alderman Osborne stated I'd still like to find out if we can come up with some kind of a...

Alderman Roy stated lost in the discussion on entry and exist is some of the actual crowd control, in the third paragraph, second part, states another option is to have police officers outside each polling location to assist the Moderator enforcement. Tom mentioned that that had been a process. I would be one who would be interested in what the costs were and what they would be for a Presidential election, which according the first paragraph all present at the meeting concur that the Presidential elections are the most troublesome or most difficult for the voters. So I would be interested in if we were going to possibly try that in the Carol Johnson's letter, what the cost would be to have a Police officer assist the Moderators in keeping the corridors open if there are no changes.

Alderman Gatsas stated I just happen to be looking at Section 664:17 and it says all signs will be removed by the Friday following the election. Well unless there's another election coming up pretty soon, is there a reason why signs haven't been taken down? I see the Building Department...

Leon LaFreniere, Building Commissioner, stated specifically are we talking about the Presidential election? I'm not aware of what signs in particular you might be referring to, but clearly the election has not yet taken place for which we had a primary in January. And so as my understanding of the statutory provisions are is that that they are not related specifically to the...if we're talking about the Primary election then we're still in that season. I guess I'm floundering here because I'm not sure what...

Alderman Gatsas stated I guess my question is if somebody puts up a sign for March election, they don't have to take it down until November?

Mr. LaFreniere answered no. If we're talking about signs that are up now, they should be down. I'm not aware of where there might still be signs. We respond on a complaint basis on those. We have been notifying campaigns. I haven't received any complaints since the election took place. We did send people out immediately following the election within that two week period to try to clean things up but I'm sure there's some out there that we've missed.

Chairman Forest stated there are quite a few four footers out there. There are a few small ones also.

Alderman Porter asked what about if a candidate has withdrawn from the race? Are they still considered a candidate?

Mr. LaFreniere answered I wouldn't think so, no.

Alderman Gatsas stated I think there could be something done because all you've got to do is travel a couple of the main thoroughfares and you're going to see signs.

Alderman Lopez stated I'll move to receive and file because we can't mandate anything.

Alderman Gatsas stated yes we can.

Alderman Lopez asked what?

Alderman Gatsas stated we can certainly put out an Ordinance that it is at 100 feet. That corridor could be 100 feet from the entrance.

Alderman Lopez asked we can do that?

Alderman Gatsas answered sure we could.

Chairman Forest stated I don't know if we can.

Alderman Gatsas stated they do it in Bedford.

Mr. Arnold stated again, it comes down to what a court determines is reasonable. I would tend to think that in most cases that would be reasonable. It might not be reasonable in all of the cases here in the 12 wards in the City of Manchester. I'm not familiar with all 12 polling places.

Alderman Osborne asked can't we table this and then get a report back on all the wards and how much distance we do have and what we don't have, before we just receive and file it?

Chairman Forest stated one more comment from Alderman Roy and then we're going to take a motion on it.

Alderman Roy stated with the 100 feet, what I would like to see is that probably put back in the committee's hands that originally met on this, and see if 100 feet is feasible in all wards. I know in Ward 1 we're about 70 feet, 100 feet would be acceptable.

Chairman Forest asked would you repeat that please.

Alderman Roy stated just that I would like to see the City Clerk and the committee that was put together to review this look at is 100 feet possible in every ward. I know the 70-foot buffer made a very good difference and I'm using 70 feet as an estimate, but it made a very nice difference in Ward 1. If we could see this throughout the City I'd definitely be in favor of it.

Chairman Forest asked the motion would be just to refer it to the Clerk's office to work on that or do you want somebody else?

Clerk Normand stated with the Solicitor's office.

Alderman Osborne moved to table the item and send it to the City Clerk's office and the City Solicitor's office to investigate the distances from the entrances at all wards and bring that information back to this committee. Alderman Porter duly seconded the motion. Aldermen Porter and Osborne voted yea. Aldermen Gatsas, Lopez, and Forest voted nay. The motion failed.

Alderman Gatsas moved that we put a City Ordinance in that says it is 100 feet from the door of the voting location. Alderman Osborne duly seconded the motion.

Alderman Porter asked maintaining the ten-foot corridor?

Chairman Forest stated yes that is still there. That is State law.

Alderman Gatsas stated if anybody wants to maintain the ten foot corridor 100 feet from the doorway, I don't have a problem with that.

Alderman Porter asked isn't ten feet referred to in the statute?

Alderman Gatsas answered that's correct.

Chairman Forest called for a vote on the motion. There being none opposed, the motion carried.

Chairman Forest addressed Item 10 of the agenda:

Report from Board of Assessors with additional breakdowns relative to Veterans Property Tax Credits and other property tax exemptions.
(Report request resulting from discussion of communication from Aldermen Osborne and Shea and related resolution.)

Alderman Gatsas asked could we have the City Assessor's come up please? Steve have you gotten anything from Hooksett to what they think that that exemption taking everybody to unlimited asset limit? Did that relay that to you?

Mr. Tellier answered yes.

Alderman Gatsas stated because I didn't see it in this packet. Is it in some other documentation that you have?

Mr. Tellier stated it is right in the agenda, Alderman. There is elderly exemption analysis that we did for this City and then the next page right after it is the Hooksett, NH analysis that you're referring to. When they went to an unlimited they increased their income criteria, and they also increased the asset limit to unlimited and in one year's what's been indicated to us from Hooksett is that their exemption amount increased by 266 percent.

Alderman Gatsas stated give me a relationship to what that means in dollars.

Mr. Tellier stated well I have it there in front of you. If you look at the analysis that I prepared for the committee and for the full Board...

Alderman Gatsas interjected okay, I apologize. I thought the analysis that I was looking at was the City's analysis.

Mr. Tellier stated I have two separate analysis. One for the town, particularly to Hooksett to answer your concerns, Alderman, and one for the City.

Alderman Lopez stated in looking at this elderly exemption and the Veteran's exemption, I'm looking at where you have \$30,000...right now just for the record, it's \$24,400 and \$34,400 for joint and then your recommendation is \$30,000 and \$45,000 with an asset limit of \$100,000. In looking at the other categories, I think it's kind of high. The \$150,000 and \$200,000, so I'm not even addressing that, but in doing an analysis here, I strongly believe that the age categories that the single income ought to be \$25,000 and the joint income \$40,000 and maintaining the \$75,000 as an [income] limit. In reference to the Veteran's, if you want to take them together, I strongly recommend that we go to \$250.00 change for the

Veteran's credit and disability go from \$1,400 to \$1,600. I would like to start off with that's what I'm thinking of and I hope the committee would weigh in on that. If you want to take them separately that's fine. I'd like to have your opinion in reference to where you indicated \$30,000 to \$45,000, \$25,000 to \$40,000, have you done any figures in reference to that?

Mr. Tellier answered no we have not, Alderman. But with the figures that we have accomplished, what I would suggest is that...we took the information for Nashua who went to \$100,000 in assets but kept their income criteria at \$36,000 and \$36,000 for joint; they kept it at the same amount. Their increase in their exemptions was 12 percent. So recognizing that Manchester's elderly population is more significant than Nashua's, we attributed 15 percent going to \$30,000 and \$45,000 with the \$100,000, and then we also did some analysis at 18 percent. My personal projection would be that the 18 percent increase is more in line and if you look at that it would take \$20 million off from the assessment rolls under that criteria. And just as a point of fact, when we came up with these, these aren't the Assessor's recommendations, this was feedback we got from the committee at the last Committee on Administration meeting and then we produced some results based what best data we could get from other communities. So to answer your question on the \$25,000 and \$40,000 it is our projection that the increase would be somewhere probably between 8 and 12 percent. If we left it at \$75,000 in assets and we nominally increased the income, it would be around 8 to 12 percent. But what I would...an important criteria that we got from the census data, the National Census data, the average median income for a single person was \$29,000. That included Social Security, pensions, and other unearned incomes. That was referenced in Hillsborough County in particular. That would be \$29,000. So if we were to go to \$25,000, that would be most of that. We would see some moderate increase but I don't think it would open floodgates as what occurred in Hooksett.

Alderman Gatsas stated I'm looking at these numbers Steve and I found them interesting, because over 50 percent of population that's participating in the exemption is over 80 years old?

Mr. Tellier answered that's correct, Alderman. They are what they are.

Alderman Gatsas asked how many people do you have over 80 years old that own property in the City?

Mr. Tellier answered we looked everywhere for that census data, we can't tell you. We don't have that. There's no demographic data that would assist us to give you an accurate projection.

Alderman Gatsas stated so what you're saying here when I look at this, is that if you increase income from the \$24,400 and \$34,400 to \$30,000 and \$45,000 and took the asset limit from \$75,000 to \$200,000, you think you're going to add 50 percent and just in that one category for additional...?

Mr. Tellier answered it is our experience from the people that have come in and have not qualified, that...I guess I would lend myself to Assessor Nichols on what that feeling might be on people that don't qualify.

Tom Nichols, Board of Assessors, stated I'd say between 50 and 100 people have not qualified because of either asset limits or income. That's not including all of the telephone calls of people who call up, we give them the information over the phone and then they say themselves that they are not qualified?

Alderman Gatsas asked what is the one criteria that keeps them from qualifying? Is it the income limit or the asset limit?

Mr. Nichols answered its a little bit of both. It's a mixture. So if you fail on one, you fail on both of them.

Mr. Tellier stated I might add to answer your question, Alderman, we have about 15-25 people that tried to qualify and then found out. But the criteria that we have, we have it on the Internet, plus we have a handout sheet. It is very clear as to what the criteria is. So the 15 to 25 that were rejected, or were not qualified, thought they might have been close, but there's likely a substantial amount of people that are very clear and knowledgeable about their holdings and don't even try to apply.

Alderman Gatsas stated I believe you folks are given...okay DRA is coming down to give us a presentation tomorrow evening on hardship relief.

Mr. Tellier stated that's correct. Just some quick numbers for you. My understanding was there were over...there is no asset limit. There is income and the abatement is graduated. They'll be able to give you more tomorrow night, however, my understanding is that over 1,400 people here in the City receive some form of low to moderate tax relief on the education portion of the tax rate. That's out of a little over 24,000 recipients statewide.

Alderman Gatsas stated I guess we can address that tomorrow night. I guess my concern is is that the people that are over 80, and obviously I don't think it's the income that may hurt them, I think it's the asset limit.

Mr. Tellier stated I think one thing I would pose to you Alderman in response to that, for the most part if you're over 65, their assets don't increase. So a couple of questions I would ask is that are you looking at this as a benefit to help people stay in their homes, are you looking at it as a right regarding age based criteria. That's something that you can only answer for yourselves.

Alderman Gatsas stated obviously I look at it as the ability to stay in your home. Mr. Tellier stated if that's the case, one thing I can tell you, it will be ten years soon that I've been here in the City and to my knowledge we're not aware of any elderly person who has ever lost their homes based just on property taxes. Besides the exemption what we do have, we have other circuit breakers as well, which the most prominent is the elderly deferral.

Alderman Gatsas stated that's an unfair statement because obviously just because they haven't lost their home doesn't mean that they are eating properly or that they're taking their medication, so let's not gone down a road because they haven't lost their home. It means that they're living a lifestyle that's suitable for seniors.

Mr. Tellier replied no, I would never allude to that.

Alderman Porter stated I was just going to mention also there is another vehicle available and that would be the deferred lien as he was talking about. It's a simple interest to five percent, and I think there comes some point, I do believe the income should be bumped up because these were established in 2001, I believe, after the last revaluation. Asset limit, perhaps that could be bumped up a little bit, but I think to go to something like unlimited, in my opinion, would be excessive. Now the deferred lien works quite simply that they can take a lien, they don't have to pay anything because certainly the intent of the City and of the law is that they don't spend money that they should be spending on food, shelter, clothing or medical aid for that. And a deferred lien it would be paid back at a later, but it is something that would prevent any elderly person from actually losing their home. So I think that Manchester by in large has been very generous in the past and I would be more inclined to bump up the income for both single and joint and perhaps a modest increase in the asset limitation.

Alderman Lopez stated I agree with Alderman Porter. I'm looking at this and in the second paragraph where you recommended or you have \$30,000 and \$45,000 and \$100,000, my recommendation would be to do \$25,000 and \$40,000 and keep it at \$75,000.

Chairman Forest asked are we voting just on the senior thing here or are we splitting this up?

Alderman Lopez stated this is the first one, yes.

Alderman Lopez moved that for the elderly exemption the income limit for single be increased from \$24,400 to \$25,000, the income limit for joint be increased from \$34,400 to \$40,000, and the asset limitation remain at \$75,000. Alderman Porter duly seconded the motion.

Mr. Tellier stated might I add also for the information of the committee, at whatever point we do opt to have another revaluation, all of this criteria will have to be addressed again. Possibly income and assets and most certainly the exemption amounts, because obviously we're all aware that the economy has driven market values up and the present amounts of \$70,000, \$95,000 and \$125,000, if it's the Board's wish to preserve the same level of benefit that current recipients are receiving, we'll have to bump those amounts up during the course of another revaluation. So we will clearly be revisiting this issue at a future time, not too far from now.

Alderman Porter stated if we did a calculation, since these were established in 2001 at \$24,400, if we took an average or compounded increase of three percent on the single, it would bring it to like \$27,500, and I guess. This is not an auction, I'm not trying to throw out every possibly scenario, but if we took the \$34,400 and did the same thing you'd end up with something along the line of \$38,500. And I think at least if it's tied to some percentage of increase, because obviously the buying power of \$24,400 was greater three of four years ago than it is now, and I would certainly like to see the asset limitation bumped up...I don't want to feel appear like it is bidding, but would you willing to consider a compromise?

Alderman Lopez stated I'll accept your compromise.

Alderman Lopez withdrew his previous motion.

Alderman Porter moved that the elderly exemption income limit for single be increased to \$27,500, the income limit for joint be increased to \$38,500, with the asset limitation at \$100,000. Alderman Lopez duly seconded the motion. Aldermen Lopez and Porter voted yea. Aldermen Gatsas, Osborne and Forest voted nay. The motion failed.

Alderman Gatsas stated the problem I have Alderman Porter, is that when if we're going to set a criteria for a single person, I don't know why we wouldn't double that for two people living in the home. I certainly don't have a problem saying that if it's \$30,000 for a single person, I don't know why we should be restricting the other person from the same \$30,000. I don't agree that these numbers shouldn't be \$30,000 and \$60,000 or if you wanted to say \$27,500 and \$55,000, I

think that you should at least give the same value to the spouse that's living in the property as you do with the single persons. Because then you're saying that two people living in a house are getting penalized for what a single person is living in a house. That's the only thing I'm saying.

Chairman Forest stated I have a comment also. The only concern I have with all of this is the cost. I realize there are some people out there who can't afford their homes. I know there are some people out there that are making a choice, but what I want to know if we're raising all of the limits, we're losing the income from this and it could be expensive. Until we find out exactly what it is costing us, I don't particularly care about raising all of these limitations of income and all of that until we know the cost to the City.

Alderman Gatsas stated Alderman, with all due respect, we have communities that are our neighbors in Hooksett that are saying that they've increased their income, increased their asset limit to unlimited and obviously their looking at some different criteria to help their seniors. Because I think that everything we hear today is that the seniors are in a plight and I think we need to take a look and if we take the exemptions and Steve maybe you can give us a quick what the increase is going to be. I think that it's probably going to be close to what you have here but if we went with \$30,000 and \$60,000 I don't think that joint income is going to change anything drastically. So if you went with the \$30,000, \$60,000 and \$100,000, I don't know where that would effectively change.

Mr. Tellier stated I don't have the demographics to answer that on the joint part. I would just look at historically that a significant majority of joint income families there was a primary breadwinner if you will, and that second breadwinner brought some. I don't know that doubling it is the right way to go. As I indicated to you, if \$29,000 is the median income in Hillsborough County and we were to go to close to that, I'm not sure that these estimates at just 15 or 18 percent increase would hold true. Especially if you increase it to \$100,000. It may go up more than that. That would be my gut feeling with the investigation that I've done to date, if we were to go to \$30,000 and \$60,000 and increase to \$100,000. I suspect that it would increase more than what I have here in front of you.

Alderman Gatsas stated it can't drastically increase it if you're telling me that the breadwinner is the breadwinner. I'm saying that I don't think we should penalize the second person living in the home. If we giving a credit of \$30,000 to one person, we shouldn't be saying to the second person we're going to penalize you because you both live together.

Mr. Tellier stated I certainly follow that logic, Alderman, absolutely.

Alderman Gatsas stated so if you said \$60,000, I don't know whether that is going to change those limits drastically.

Mr. Tellier stated again, please understand that when I built this table, when I built this data for the benefit of the committee and the full Board, it was based on the experiences of a couple of other communities. One being Nashua, going \$36,000 and \$36,000 for joint and single, they kept it the same, and they went to \$100,000 in assets. Their increase was approximately 12 percent, and recognizing that Manchester's elderly demographics are substantially larger, I increased that to 15 and 18 percent. We looked at Hooksett specifically because they were very unusual when they went to the unlimited and as you can see, their increases were 266 percent. That would take five years' worth of growth right out of our tax base.

Alderman Gatsas moved that the income limits for elderly exemptions for single be increased from \$24,400 to \$30,000, increased for joint from \$34,400 to \$60,000, and the asset limit be increased to \$100,000 in all categories. Alderman Lopez duly seconded the motion. Aldermen Gatsas, Lopez and Osborne voted yea. Aldermen Porter and Forest voted nay. The motion carried.

On motion of Alderman Gatsas, duly seconded by Alderman Lopez, it was voted that the Veteran's tax credit be increased from \$100.00 to \$250.00.

On motion of Alderman Gatsas, duly seconded by Alderman Lopez, it was voted that the Disabled Veteran's tax credit be increased from \$1,400 to \$1,600.00.

Mr. Tellier stated we'll be prepared...I'm assuming this will go to the full Board at the next regular scheduled meeting?

Alderman Gatsas stated which is tomorrow night. If you can get those updated figures for the changes of \$30,000 to \$60,000.

Mr. Tellier stated I'll do my best.

Alderman Porter stated just on the side, I think the income would probably be a driving force in terms of the change vis-à-vis the asset.

Mr. Tellier stated that's what I believe as well.

Alderman Porter stated and it is a guess. And I think in all due respect, it is somewhat of an educated guess as opposed to something empirical that you can say based on this here is what is going to happen.

Chairman Forest stated the Clerk says they can have their information by tomorrow night also.

Chairman Forest addressed Item 11 of the agenda:

Financial Restructuring proposal – response from Mayor, if available.
(*Mayor was requested to choose two departments.*)

On motion of Alderman Porter, duly seconded by Alderman Lopez, it was voted to table this item.

TABLED ITEMS

12. Communication from Diane Prew, Information Systems, advising that the Mail Operation Committee met to review the proposals and as a result a new proposal from Pitney Bowes was received that the Committee will be meeting shortly to review.
13. Communication from Leo Pepino requesting that the Board of Mayor and Aldermen provide all World War II veterans with a medal similar to those given to Manchester's soldiers after World War I.

These items remained on the table.

3. Appeal of taxi driver's license as follows: (1) denial, and (2) revocation.

Alderman Lopez moved to enter into non-public session under the provisions of RSA 91-A:3II (c). Alderman Gatsas duly seconded the motion. By roll call it was voted by the members of the Committee to enter into non-public session.

Alderman Osborne was absent from the roll call vote. As a result of discussion held by those present, it was the consensus of the Committee members present that Mr. Breaux's license will be reinstated after he completes the plan as discussed in the non-public session.

On motion of Alderman Gatsas, duly seconded by Alderman Osborne, it was voted to exit non-public session.

Deputy Clerk Normand stated that no business other than the appeal of the denial of Mr. Breaux's taxicab license was discussed in non-public session.

There being no further business, on motion of Alderman Gatsas, duly seconded by Alderman Osborne it was voted to adjourn.

A True Record. Attest.

Clerk of Committee